

SYLVESTER & POLEDNAK, LTD.
 7371 Prairie Falcon Rd., Suite 120
 Las Vegas, Nevada 89128
 Phone (702) 952-5200

1 Jeffrey R. Sylvester, Esq. (Nevada Bar No. 4396)
 2 James B. MacRobbie, Esq. (Nevada Bar No. 7430)
 3 SYLVESTER & POLEDNAK, LTD.
 4 7371 Prairie Falcon Road, Suite 120
 5 Las Vegas, Nevada 89128
 6 Telephone: (702) 952-5200
 7 Facsimile: (702) 952-5205
 8 jeff@sylvesterpolednak.com
 9 james@sylvesterpolednak.com

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10 Van C. Durrer, II, Esq. (Admitted *Pro Hac Vice*)
 11 Ramon M. Naguiat, Esq. (Admitted *Pro Hac Vice*)
 12 SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
 13 300 South Grand Avenue, #3400
 14 Los Angeles, California 90071-3144
 15 Telephone: (213) 687-5000
 16 Facsimile: (213) 687-5600
 17 van.durrer@skadden.com
 18 ramon.naguiat@skadden.com

19 *Attorneys for Creditor Credit Suisse, Cayman Islands Branch*

20 **UNITED STATES BANKRUPTCY COURT**
DISTRICT OF NEVADA

21 In re:

22 THE RHODES COMPANIES, LLC, aka
 23 "Rhodes Homes," et al.¹

24 Debtors.

25 Case No. BK-S-09-14814-LBR
 26 (Jointly Administered)

27 Chapter 11

28 **MOTION TO COMPEL
 REIMBURSEMENT OF FEES AND
 EXPENSES PURSUANT TO
 CONFIRMATION ORDER AND CASH
 COLLATERAL ORDER**

Affects:

- 29 All Debtors
 30 The following Debtor(s)

Date: June 21, 2010
 Time: 9:30 a.m.
 Judge: Honorable Linda B. Riegle

31 ¹ The "Debtors" in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-
 32 14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache
 33 Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC
 34 (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, a Nevada limited partnership (Case No.
 35 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837);
 36 Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C&J Holdings, Inc. (Case No. 09-
 37 14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation
 38 (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849);
 39 Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852);
 40 Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854);
 41 Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860);
 42 Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick,
 43 LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, LLC
 44 (Case No. 09-14882); Tuscany Golf Country Club (Case No. 09-14884); and Pinnacle Grading, LLC (Case No.
 45 09-14887).

1 **MOTION TO COMPEL REIMBURSEMENT OF FEES AND EXPENSES PURSUANT**
2 **TO CONFIRMATION ORDER AND CASH COLLATERAL ORDER**

3 Credit Suisse AG, Cayman Islands Branch (“Credit Suisse”), formerly known as
4 “Credit Suisse, Cayman Islands Branch,” as agent under the first lien Credit Agreement Dated
5 as of November 21, 2005, among Heritage Land Company, LLC, The Rhodes Companies,
6 LLC, and Rhodes Ranch General Partnership, as the Borrowers, the Lenders Listed [Th]erein,
7 as the Lenders, and Credit Suisse, Cayman Islands Branch, as Administrative Agent,
8 Collateral Agent, Syndication Agent, Sole Bookrunner and Sole Lead Arranger (as amended,
9 restated, amended and restated, supplemented, or otherwise modified from time to time, the
10 “First Lien Credit Agreement,” and the lenders thereunder, the “First Lien Lenders”), hereby
11 moves (the “Motion”) this Court for an order compelling the Reorganized Debtors to
12 reimburse certain fees and expenses incurred by Credit Suisse and its professionals pursuant to
13 (A) the Proposed Findings of Fact, Conclusions of Law, and Order Confirming the First Lien
14 Steering Committee’s Third Amended Modified Plan of Reorganization Pursuant to Chapter
15 11 of the Bankruptcy Code for the Rhodes Companies, LLC, et al. [Docket No. 1053] (the
16 “Confirmation Order”) and (B) the Final Stipulated Order (I) Authorizing Use of Cash
17 Collateral Pursuant to Sections 105, 361, 362 and 363 of the Bankruptcy Code and (II)
18 Granting Adequate Protection and Super Priority Administrative Expense Priority to
19 Prepetition Secured Lenders Re Debtors’ Motion for Interim and Final Orders Pursuant to
20 Sections 105, 361, 362, 363 and 364 of Debtors’ Motion for Interim and Final Orders Pursuant
21 to Sections 105, 361, 362, 363 and 364 of the Bankruptcy Code (A) Authorizing Debtors to
22 Use Cash Collateral, (B) Granting Adequate Protection to the Debtors’ Prepetition Secured
23 Parties and (C) Scheduling a Final Hearing; Memorandum of Points and Authorities Filed by
24 Zacariah Larson on Behalf of Heritage Land Company, LLC [Relates to Heritage Docket No.
25 35] [Docket No. 126] (the “Cash Collateral Order”). Specifically, Credit Suisse seeks to
26 compel reimbursement of the following fees and expenses:

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Period	Professional	Fees & Expenses	Status
12/1/08 - 1/31/10	Skadden, Arps, Slate, Meagher & Flom LLP	\$858,073.72	Outstanding (No Objections Within 15 Days of Resubmission on May 3, 2010)
12/1/09 – 4/20/10	Sylvester & Polednak, LTD.	\$14,559.08	Undisputed
8/1/08 – 8/26/08	Udall Law Firm, LLP	\$2,740.00	Undisputed
2/1/10 – 4/30/10	Skadden, Arps, Slate, Meagher & Flom LLP	\$57,036.14	Undisputed
4/1/09 – 4/1/10	Credit Suisse AG, Cayman Islands Branch	\$19,195.21	Undisputed

A copy of the proposed order (the “Proposed Order”) approving this Motion is attached hereto as Exhibit A.

I.

STATEMENT OF FACTS

On March 31, 2009, the above-captioned debtors (the “Debtors”) except Tuscany Golf Country Club, LLC, Pinnacle Grading, LLC, and Rhodes Homes Arizona, LLC (the “Secondary Filers”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). On April 1, 2009, the Secondary Filers filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

On April 1, 2009, the Debtors filed Debtors’ Motion for Interim and Final Orders Pursuant to Sections 105, 361, 362, 363 and 364 of Debtors’ Motion for Interim and Final Orders Pursuant to Sections 105, 361, 362 and 364 of the Bankruptcy Code (A) Authorizing Debtors to Use Cash Collateral, (B) Granting Adequate Protection to the Debtors’ Prepetition Secured Parties and (C) Scheduling a Final Hearing; Memorandum of Points and Authorities [Docket No. 15] (the “Cash Collateral Motion”). On April 30. 2009, the Court entered the Cash Collateral Order, authorizing the Debtors’ use of cash collateral subject to certain specified conditions. Under the Cash Collateral Order, the Debtors were required, as part of the adequate protection for use of Credit Suisse’s cash collateral, to reimburse the fees and

1 expenses of Credit Suisse's professionals during the Cash Collateral Period.² See Cash
 2 Collateral Order ¶ 5(c).

3 On February 18, 2010, the First Lien Steering Committee filed its Third Amended
 4 Modified Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code for the
 5 Rhodes Companies, LLC, et. al. [Docket No. 1013] (the "Third Amended Plan"). On March
 6 12, 2010, the Court entered the Confirmation Order, confirming the Third Amended Plan. The
 7 Third Amended Plan required the Debtors or Reorganized Debtors (as defined in the Third
 8 Amended Plan) to reimburse the reasonable fees and expenses incurred by Credit Suisse,
 9 including its professionals, to the extent provided by the First Lien Credit Agreement. See
 10 Third Amended Plan Article IX.A.3.

11 On February 18, 2010, counsel for Credit Suisse submitted invoices (the "Initial
 12 Invoices") to counsel for the Debtors and the First Lien Steering Committee, seeking
 13 reimbursement of certain fees and expenses of Credit Suisse's professionals incurred through
 14 January 31, 2010. In a letter dated March 18, 2010, counsel for the First Lien Steering
 15 Committee objected to the Initial Invoices as they pertained to the fees and expenses of
 16 Skadden, Arps, Slate, Meagher & Flom, LLP ("Skadden, Arps"), Credit Suisse's bankruptcy
 17 counsel, stating that more detail was required and requesting that Skadden Arps' time entries be
 18 broken into categories outlined by the First Lien Steering Committee. Counsel for the Debtors
 19 sent counsel for Credit Suisse a letter dated March 19, 2010 in which it advised Credit Suisse
 20 that the Debtors joined in the First Lien Steering Committee's letter of March 18, 2010.
 21 Counsel for Credit Suisse responded in a letter to counsel for the First Lien Steering Committee
 22 and the Reorganized Debtors dated April 7, 2010, offering to provide alternative
 23 categorizations for invoices and advising that the re-categorized invoices would be
 24 forthcoming.

25 On May 3, 2010, counsel for Credit Suisse sent a follow-up letter to counsel for the
 26 First Lien Steering Committee and the Debtors, enclosing the re-categorized invoices (the "Re-
 27 Categorized Invoices"). In this communication, counsel for Credit Suisse also submitted

28 ² Capitalized terms not defined herein shall have the meanings ascribed to them in the Cash Collateral Order.

1 additional invoices for fees and expenses incurred by Credit Suisse and its professionals (the
2 “Additional Invoices”) and demanded that the Additional Invoices be paid within 15 days
3 pursuant to the Third Amended Plan. In addition, counsel for Credit Suisse also re-submitted
4 certain invoices of Credit Suisse’s local counsel (the “Local Counsel Invoices” and with the
5 Re-Categorized Invoices and the Additional Invoices, the “Outstanding Invoices”), noting that
6 no objection have ever been raised with respect to the Local Counsel Invoices and reiterating
7 the prior request that the Local Counsel Invoices be paid without further delay.

8 The Outstanding Invoices are attached as part of Exhibit E to the Declaration Of Van C.
9 Durrer II In Support Of Motion To Compel Reimbursement Of Fees And Expenses Pursuant
10 To Confirmation Order And Cash Collateral Order, filed concurrently herewith. To date, all of
11 the Outstanding Invoices remain unpaid. In advance of the filing of this Motion, Credit Suisse
12 attempted, through counsel, to determine the position of the First Lien Steering Committee
13 regarding payment of the Outstanding Invoices, but did not receive any substantive feedback.

II.

PAYMENT OF THE OUTSTANDING INVOICES IS MANDATED BY THE CASH

COLLATERAL ORDER AND THE THIRD AMENDED PLAN

A. Payment is Required By The Terms of the Cash Collateral Order and Third Amended Plan

Credit Suisse has complied with Court-ordered procedures in seeking compensation for itself and its professionals. Accordingly, the fees and expenses sought in the Outstanding Invoices should be reimbursed under both the Cash Collateral Order and the Third Amended Plan. To the extent the Court views the Cash Collateral Order as controlling for the outstanding fees and expenses incurred during the Cash Collateral Period, the Cash Collateral Order states:

25 As further adequate protection for the use of the Cash Collateral during the Budget
26 Period, the Debtors shall, after receipt of an applicable invoice, pay in full, in cash by
wire transfer, the fees and expenses incurred by the professionals for . . . the First Lien
Agent (including Skadden, Arps, Slate, Meagher & Flom, LLP and the First Lien
Agent's local counsel) . . .

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1 Cash Collateral Order ¶ 5(c). While the Cash Collateral Order does outline procedures by
2 which parties may object in writing to submitted invoices within 10 days of their receipt, the
3 First Lien Steering Committee interposed a written objection only to the Initial Invoices to the
4 extent these invoices concerned the fees and expenses of Skadden, Arps. Neither the First Lien
5 Steering Committee nor any other party has raised issues with the balance of the Outstanding
6 Invoices. Thus, under the terms of the Cash Collateral Order, the undisputed Outstanding
7 Invoices should be paid.

8 The Outstanding Invoices should also be paid pursuant to the terms of the Third
9 Amended Plan. The Third Amended Plan provides:

10 The reasonable fees and expenses incurred by (i) the First Lien Agent, including its
11 professionals, to the extent provided by the First Lien Credit Agreement . . . shall be
12 paid by the Debtors or Reorganized Debtors, as applicable, within 15 days of receipt of
13 an invoice from such parties or their advisors . . .

14 Third Amended Plan Article IX.A.3. Credit Suisse submitted the Outstanding Invoices to the
15 Reorganized Debtors and the First Lien Steering Committee over 15 days ago. In addition, all
16 of the fees and expenses requested in the Outstanding Invoices are authorized under the First
17 Lien Credit Agreement. Section 2.3 of the First Lien Credit Agreement states, “The Borrowers
18 agree to pay such fees to the Agents as may hereafter be (or have previously been) agreed
19 upon.” First Lien Credit Agreement § 2.3. The First Lien Credit Agreement further provides:

20 Each of the Borrowers shall pay all actual and documented out-of-pocket expenses
21 incurred by each Agent and its Affiliates, including the reasonable and documented
22 fees, charges and disbursements of its appraiser, counsel (including without limitation,
23 special and local counsel) for each Agent and its Affiliates . . . in connection with the
24 enforcement or protection of its rights in connection with this Agreement and the other
25 Loan Documents, including its rights under this subsection 9.2A, or in connection with
26 the Loans made hereunder, including all such out-of-pocket expenses incurred during
27 any workout, restructuring or negotiations in respect of such Loans.

28 First Lien Credit Agreement § 9.2A. As seen from the Outstanding Invoices, all of the fees and
29 expenses were incurred in connection with the enforcement of the underlying loans and the
30 overwhelming majority of them were incurred during the pendency of these bankruptcy cases.
31 In addition, neither the Debtors nor the First Lien Steering Committee has ever objected to the
32 calculation of Credit Suisse’s agent fees, so there can be no dispute that such fees are consistent
33
34 // /

1 with section 2.3 of the First Lien Credit Agreement. Thus, under the terms of the Third
2 Amended Plan, the Outstanding Invoices are overdue and should be paid immediately.

3 **B. Description of Services Rendered**

4 Skadden, Arps is a global firm well-versed in representing agents for lenders under
5 credit agreements. Skadden, Arps submits that the legal services and advice that it rendered to
6 Credit Suisse in connection with these cases were necessary and beneficial to the First Lien
7 Lenders. Skadden, Arps professionals provided a high level of service to Credit Suisse and did
8 so in an efficient and effective manner. Under the circumstances, and given the size and
9 complexity of these cases, the fees and expenses sought to be reimbursed are eminently
10 reasonable.

11 More specifically, Skadden, Arps's fees and expenses in the Outstanding Invoices have
12 been broken down into the following categories: Plan/Disclosure Statement; Mediation; Loan
13 Administration; Loan Litigation, and Fee Matters. To date, neither the First Lien Steering
14 Committee nor the Reorganized Debtors have not raised any issues with the categorizations of
15 the Outstanding Invoices.

16 (i) Plan/Disclosure Statement

17 In this category, Skadden, Arps recorded its time related to tasks concerning plan and
18 disclosure statement matters, including negotiations that resulted in the consensual Third
19 Amended Plan. Skadden, Arps professionals spent time performing research and analysis of
20 plan and reorganization issues, reviewing different versions of plans and disclosure statements
21 proposed by the First Lien Steering Committee, communicating with the First Lien Steering
22 Committee regarding drafts of term sheets, disclosure statements and plans, drafting a limited
23 objection to the First Lien Steering Committee's second amended plan, preparing solicitation
24 packages for First Lien Lenders, tabulating votes of First Lien Lenders and attending plan and
25 disclosure statement hearings.

26 The Outstanding Invoices reflect a total of 267.05 hours spent by Skadden, Arps
27 professionals on these issues, for work performed both before and after January 31, 2010.

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1 (ii) Mediation

2 In this category, Skadden, Arps recorded its time related to tasks concerning court-
3 ordered mediation of a joint consensual plan of reorganization between the major parties-in-
4 interest in these bankruptcy cases. Skadden, Arps professionals spent time reviewing and
5 analyzing mediation proposals and materials, communicating with other mediation parties,
6 preparing for mediation discussions and attending mediation discussions.

7 The Outstanding Invoices reflect a total of 151.00 hours spent by Skadden, Arps
8 professionals on these issues.

9 (iii) Loan Administration

10 In this category, Skadden, Arps recorded its time related to tasks that do not fall into the
11 other categories outlined in the Outstanding Invoices. These tasks relate to Credit Suisse's
12 duties as agent to the First Lien Lenders under the First Lien Credit Agreement and include
13 monitoring and responding to matters in these bankruptcy cases that are not covered under the
14 other categories. Skadden, Arps professionals spent time monitoring and analyzing pleadings
15 and documents related to the bankruptcy cases, preparing and filing proofs of claim in the
16 bankruptcy cases, communicating with First Lien Lenders regarding bankruptcy matters,
17 conducting research regarding issues related to the bankruptcy cases, negotiating stipulations
18 regarding the filings of proofs of claims with the Debtors and attending hearings and meetings
19 related to the bankruptcy cases.

20 The Outstanding Invoices reflect a total of 670.25 hours spent by Skadden, Arps
21 professionals on these issues, for work performed both before and after January 31, 2010.

22 (iv) Loan Litigation

23 In this category, Skadden, Arps recorded its time related to certain contested matters in
24 these bankruptcy cases, including the First Lien Steering Committee's motion to appoint a
25 chapter 11 trustee and the Debtor's motion for authority to use cash collateral of the First Lien
26 Lenders. Skadden, Arps professionals spent time developing strategy, reviewing and analyzing
27 pleadings, communicating with the First Lien Steering Committee, preparing supporting and
28 responsive pleadings, processing discovery requests and attending hearings.

1 The Outstanding Invoices reflect a total 520.80 hours spent by Skadden, Arps
2 professionals on these issues, for work performed both before and after January 31, 2010.

3 (v) Fee Matters

4 In this category, Skadden, Arps recorded its time related to recovery of the fees and
5 expenses of Credit Suisse's professionals. Skadden, Arps professionals spent time reviewing
6 invoices, conferring with Credit Suisse regarding fees and expenses, reviewing correspondence
7 relating to fees and communicating with the First Lien Steering Committee.

8 The Outstanding Invoices reflect a total of 29.00 hours spent by Skadden, Arps
9 professionals on these issues, for work performed both before and after January 31, 2010.

10 **C. The Local Counsel Invoices**

11 Finally, it should be noted that neither the Debtors nor the First Lien Steering
12 Committee has ever raised any objections to the Local Counsel Invoices, yet these invoices
13 remain unpaid more than 3 months after they were first submitted. There is simply no
14 justification for why these invoices remain unpaid.

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1 III.
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3 **CONCLUSION**
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5 For the foregoing reasons, Credit Suisse respectfully requests that the Court enter an
6 order directing the Reorganized Debtors to reimburse to Credit Suisse the amounts detailed on
7 the Outstanding Invoices and granting such other and further relief as the Court deems
8 appropriate.

9 DATED this 24th day of May, 2010.
10

11 By: _____
12

13 SYLVESTER & POLEDNAK, LTD.
14 Jeffrey R. Sylvester (Nevada Bar No. 4396)
15 7371 Prairie Falcon Road, Suite 120
16 Las Vegas, Nevada 89128
17 Telephone: (702) 952-5200
18 Facsimile: (702) 952-5205
19 jeff@sylvesterpolednak.com

20 and
21

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ramon.naguiat@skadden.com

29
30 *Attorneys for Creditor Credit Suisse, Cayman Islands Branch*